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The Treasury Department today announced that 345 applications were received in the first round of competition for the allocation of tax credit authority under the New Markets Tax Credit (NMTC) Program. The applicants requested authority to provide investors tax credits on an aggregate total of over \$25.8 billion in potential equity investments. The total equity under the program is \$15 billion, which is available on a phased-in basis through 2007. In this first round, up to an aggregate amount of \$2.5 billion in equity investments, for which tax credits may be claimed, can be allocated.

These applications will now go through a competitive review to identify those applicants best suited to have the greatest impact - facilitating the flow of private sector capital into low-income rural and urban communities. The Treasury Department's Community Development Financial Institutions (CDFI) Fund administers the new NMTC Program in coordination with the Internal Revenue Service and Treasury's Office of Tax Policy.

"We are gratified to see such a high level of response in the initial round of the program," said Tony T. Brown, Director of the CDFI Fund. "This indicates the potential for the private sector to play a more significant role in identifying investment opportunities in our nation's low-income communities which can make a difference in the lives of the people who live in them." Among the impacts that may result from an increased flow of private sector investment is an increase in the number of jobs available to the residents of these communities.

The application deadline for the first round was August 29, 2002. The competitive review of applications will include examination of the applicant's business strategy to make investments in low-income communities, capitalization strategy to raise equity from investors, management capacity, and how applicants anticipate their investments will positively impact low-income communities where investments are made. The Fund anticipates announcing the organizations that will receive New Markets Tax Credit allocations towards the end of the year.

The NMTC Program, created by Congress in December 2000, permits taxpayers to receive a credit against their Federal income taxes for making Qualified Equity Investments in successful applicant organizations known as Community Development Entities (CDEs). Substantially all of the taxpayer's investment must in turn be used by the CDE to make qualified investments in low-income communities. The credit to the taxpayer totals 39% of the investment and is claimed over a seven-year credit period.

Additional information can be found on the CDFI Fund's web site at www.cdfifund.gov.

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